

## Matthews gets 63-month term in Pinnacle Fund fraud

**By David Washburn**

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A man who lied to people investing in a foreign currency fund, then used their money to buy a private island, a La Jolla home and other luxury items, was sentenced Friday to 63 months in federal prison.

Richard Robert Matthews pleaded guilty to mail fraud and was sentenced by U.S. District Judge Jeffrey Miller.

In addition to custody, the judge ordered Matthews to pay nearly \$15 million in restitution to victims in the case.

"Matthews told bald-faced lies to his investors and lived luxuriously off the proceeds of his fraud," said U.S. Attorney Carol Lam. "He has earned his prison sentence."

As part of his plea, Matthews admitted that he used the U.S. mail to further his scheme to defraud people into investing in the Pinnacle Capital Fund, a San Diego-based currency fund operated by White Pine Trust Corp.

Matthews admitted that he falsely represented to investors that the Pinnacle Capital Fund had existed since 1995, that the fund had generated double-digit profits each year since its inception, and that White Pine would only charge a fee if it made money for the investor.

However, Matthews admitted that, in fact, White Pine did not begin managing assets through the Pinnacle Capital Fund until the year 2000, and the Pinnacle Capital Fund never generated any yearly profits on investments.

Matthews also admitted that the Pinnacle Capital Fund's advertised performance record was false, and that White Pine mailed phony monthly account statements to investors.

More than 250 people invested more than \$21 million in the Pinnacle Capital Fund, said Assistant U.S. Attorney William Cole.

He said many people invested retirement savings in the fund.

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